

24 October, 2025

Mr Kerry Robinson, OAM
Chief Executive Officer
Blacktown City Council
PO Box 63
BLACKTOWN NSW 2148

Sent to: council@blacktown.nsw.gov.au

Dear Kerry

Blacktown City Council Special Rate Variation

I write to express Urban Taskforce's deep concern over Blacktown City Council's proposed Special Rate Variation (SRV) for FY27 to FY29.

The proposal, if approved and implemented, will permanently increase rates for all ratepayers, drawing in an extra \$90.5m per year, with a disproportionate share placed on the owners and operators of retail and industrial property.

The proposal will damage the Council's retail and industrial sectors, reducing their viability – and hence the employment capability – of Blacktown businesses.

Our industrial land developer members advise that the proposed rate increase will create a new baseline for future rate increases, putting further pressure on the non-residential sector, in particular.

The SRV appears to be a cynical ploy to grab additional rate revenue, with little attempt to understand the potential consequences of the decision (a cost-benefit analysis) and almost no explanation nor evidence provided that justifies the additional rates.

Urban Taskforce urges Blacktown City Council to abandon its plans for a SRV on industrial, commercial and retail land holdings and to work with local businesses and landholders on alternative plans to support its future growth and service delivery.

Proposed reasoning

Council claims that the increase is necessary to account for projected growth to 600,000 people, to deal with maintenance costs, and to create two new public administration centres.

It says that the additional rates will address several financial challenges, including:

- increasing services and maintenance costs;
- a rate peg that doesn't cover costs sufficiently to maintain service levels and assets;
- limitations on developer contributions, including \$731 million in unfunded community facilities in the North-West Growth Area;
- the need to replace ageing assets;
- cost increases for energy, fuel, IT and cybersecurity, safety, insurance, and superannuation;
- cost shifting by the NSW and Australian governments; and

- decreasing annual Australian Government grant funding.

These challenges are not new, nor are they unique to Blacktown City Council.

They pose business-as-usual risks to the Council's operations. Hiking rates on land users that overwhelmingly don't benefit from the projects used as a justification (light as it is) is strongly opposed. Urban Taskforce members assert that these risks should be able to be mitigated or managed by Council without such an increase (ie. Cut your cloth to fit your budget).

Further, the Council's projected growth of 150,000 people (from circa 450,000 to 600,000 over 20 years) equating to 7,500 new residents per year (or 1.66% per year). This population growth will, in itself, generate additional revenue.

But the size of the population increase is significantly out of kilter with the proposed rate variation. It certainly doesn't justify such a massive increase in rate revenue within a three-year period. Rate payers today should not be paying for tomorrow's growth.

Any growth in population will not only deliver more direct revenue to the Council's bottom line, but will drive up demand and, consequently, land values, helping to increase rate income even further.

This has not been recognised or addressed in the Council's arguments.

Instead, it suggests that a rise of population of 28% percent, but an increase in staff by 10%, means that services are unable to be provided. This presupposes that there needs to be a 1:1 ratio of staff to population, which is not the case.

IPART already accounts for growth in its rate pegging – the rate of 5.9% for Blacktown for 2025-26 includes 1.9% to account for population growth – yet the Council appears to want to double-dip with the SRV.

Evidence

In the supporting documentation for the SRV proposal, Council makes several generalised statements without providing supporting evidence. For example:

“The income we receive from our growth is not enough to fund our ongoing, or future costs, to ensure current levels of service, adequately maintain current assets, operate and maintain new community shared spaces as well as upgrade and invest in new public administration centres so Council maintains and can increase service levels for a growing city.”

No documents have been provided to support this claim, and it remains an untested statement.

Most of the assumptions asserted in the documents appear to be based on figures dating back to 30 June, 2024 and there is no breakdown of what costs are being borne and how the SRV will address them.

So far, Council has not shown why the increased rates are reasonable and have given very little reason for IPART to grant the variation.

Claims that Council has already been making savings and efficiency improvements are unsubstantiated, and do not show any shift in the administration's reasoning, and arguments about unsustainably increasing costs are equally unverified.

More clarification is needed if Council is to proceed with the SRV.

Financial position

According to former Mayor and current Member for Blacktown, Stephen Bali MP, Blacktown City Council's economic growth last year was only 0.9%, which is the lowest since COVID-19.

Despite this, he says, the Council is in a strong financial position, with:

- a cash and investments balance of \$838.61 million as of 31 July, 2025, making it the third richest council on a cash-balance basis in Australia; and
- a significant increase in interest on its cash and investments, rising from \$8 million per year from 2020-22 to \$45 million per year in FY24 and FY25, thanks to high mortgage interest rates.

Council has not provided sufficient context on its revenue position. Nor has it detailed how this substantial interest earnings windfall is being allocated to the projects nominated (if it is at all).

Proposed rates

Council is seeking a rate increase that greatly exceeds the peg set by IPART.

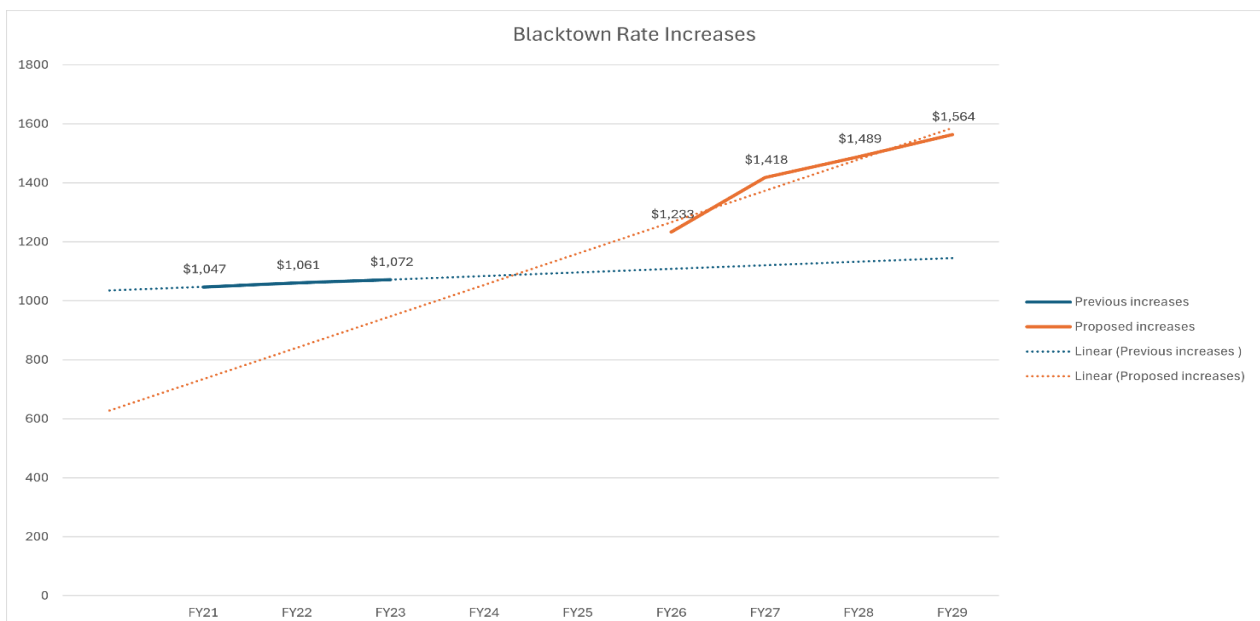
As noted earlier, IPART has set a rate of 5.9% for FY26 – a core rate peg of 4.0% plus a population factor of 1.9%.

This is dwarfed by the Council's requested increases.

Residential increases alone are proposed to be a cumulative 26.8% over three years (15.0%, 5.0%, and 5.0%), this is dwarfed by industrial and commercial rates purported to be 66.0% (21.3%, 17.7%, and 17.1%) and retail at 226.8% (141.2%, 15.7%, and 17.1%).

The desired residential rate represents an increase of almost 50% on the average rates from FY21 (\$1,047.03), FY22 (\$1,060.78), and FY23 (\$1,071.50)¹.

The rate rise from those three years is significantly exceeded by the current proposal:



¹ yourcouncil.nsw.gov.au

Impacts on commercial, industrial, and retail properties

The increases across the board are significant, but the disparate focus on industrial and shopping centre landholders is particularly concerning.

The SRV shifts much of the bill for its operations to the segments of the community that rely upon council activities and services the least.

The suggested 66% increase (see below) will have a disastrous effect on businesses, which are already trying to recover from the effects of COVID on the economy.

Despite this, Council claims that this change would only have a reasonable impact on business viability, providing no evidence to support its statement.

Most commercial, retail, and industrial property owners pass rates on to tenants in outgoings, and it is questionable whether these tenants can cover the additional expenses.

Suggestions that any rates are tax-deductible as a business expense, ignore the impact of paying a rate cost upfront and having to wait for a significant time before being able to claim anything back.

The lack of engagement by Council with this demographic means that it has been left up to landlords to try to explain the cost increases to their tenants, despite being given no evidence to justify the change.

Tenants affected by the significant increases will have to increase the amount of business they conduct or increase prices, just to break even, putting many companies under increased financial strain.

The proposed change would mean that commercial, retail, and industrial space in Blacktown is likely to become less attractive to prospective tenants, reducing employment and revenue that is vital to the ongoing success of Blacktown City.

Increases to the rates paid by two shopping centres have similarly been justified as *“well below the comparable rates of many other large shopping malls in metropolitan Sydney”*, with no evidence provided to justify the statement.

Council has not engaged with local industry landholders to learn what is feasible and how rates are managed for tenanted properties, and it shows that there is little understanding of the potential implications of its proposal.

The additional revenue from the 10 precincts will be \$42,191,290 – almost half of the Council's total predictions.

Any rate rise should be shared fairly amongst all rate payers, not apportioned unfairly towards businesses that receive minimal direct benefit.

User-pays approaches to community facilities need to be considered by the Council – business should not be subsidising community amenity.

Errors in calculations

To some degree, the figures for the industrial sector have inadvertently been downplayed.

The papers state that the annual increases for industrial properties will be 21.3% in year 1 (\$15,760), 17.7% in year 2 (\$18,551) and 17.1% in year 3 (\$21,720), for a cumulative increase of \$8,638 (66.0%).

However, these figures are incorrectly calculated.

A 21.3% increase on the 2025-26 average base of \$13,082 is \$2,786, bringing the total to \$15,868, not \$15,760.

This means that the cumulative increase by year 3 would be \$8,789, an increase of 67.2%, (not 66.0%).

This calculation error has occurred across each of the ten precincts, which applied a year 1 rate of 20.5% instead.

The impact of this 0.8% error is an understatement of revenue by almost \$800,000 over the three years, all of which would be raised from the ten precincts.

Where are the costs going?

Services

Council claims that, without the SRV, services will take longer to deliver.

However, it states that almost half of the additional revenue in its proposal is the "assumed rate peg amount", which will be used for current service and maintenance.

If this total of \$41.5 million is unchanged between the rate peg and the SRV, there should be no reduction of service.

Infrastructure backlogs

Another area of concern is the current infrastructure backlog, which would receive \$10 million per year from the increased rates.

The backlog was declared to be \$108.4 million as of 30 June, 2024. By 30 June, 2025, the estimation was \$146.4 million. In just 12 months **the backlog increased by \$38 million.**

This is an increase of \$3.2 million per month – or \$155,000 per working day.

It is alarming to see such a significant increase in the cost of a standard council activity in such a short amount of time, particularly given that the backlog was only \$48.9 million in 2019.

Council predicts that – without the SRV – the backlog will rise to \$285 million by FY35 and \$706 million by FY43.

But an increase of \$10 million from the SRV (less than the proposed contribution to the Council's administration buildings, at \$10.9 million), will barely scratch the surface if the maintenance costs are increasing at current rates. The numbers simply don't appear to add up.

As with most of the other areas discussed in the documents supporting the SRV proposal, there is little information about what the money is going to be spent on.

By comparison, Hawkesbury Council – which is also putting in a request for a SRV – has published a list of the proposed work that will be covered by the new rate.

Unlike Blacktown, Hawkesbury's request is for a flat rate increase of 11.73%, over the assumed peg rate of 3.9%, for three years.

Blacktown City Council has merely stated that there is a backlog that needs to be addressed but gives no details about what infrastructure requires attention.

Without the SRV, it says that roads, buildings, and community spaces will wear out faster – it is not clear why this would be the case.

Western Sydney Infrastructure Grants

Council's supporting documents suggest that there is the need for additional revenue to maintain facilities that have been funded through Western Sydney Infrastructure Grants, because *"it was not Council's intent to reduce other services in order to open new facilities"*.

It says that this money would have to be repaid to the State Government if Council did not operate and maintain the facilities to the benefit of the community.

This raises a few questions:

- How could council apply for grants to upgrade facilities without having a plan, and funding, to maintain them?
- How much of the \$273.1 million granted to Council has been spent to date?
- What is the proposed timetable for delivering the planned projects, and how much money will be spent each year?
- Why does Council propose that only the SRV can pay for the annual operating costs?
- What alternatives, such as user-pay systems, sponsorships, cuts to Council expenditure, improved efficiency of operations, etc, have been explored to cover the administrative costs of these facilities?
- If interest on investments is bringing in \$45 million per year, why is this not being used to cover operational costs for these new facilities?
- Where are the public reports outlining the costs and funding options for these facilities?

It would appear that Council is using the SRV as a justification not to use existing resources to cover the costs of operating facilities that have been funded by the State Government.

Administration buildings

Council proposes to use approximately \$10.9 million of the SRV rate increase – more than it plans to spend on infrastructure maintenance backlogs – on funding two new civic centres.

This has theoretically been funded in part through the sale of properties, an ongoing sinking fund, rental revenue, and borrowings, but now needs to be supplemented by revenue raised from industrial, commercial, and retail ratepayers.

It is not clear what this project will cost, or how it will be delivered, and it seems to be inappropriate to charge non-residential landholders – who are least likely to need the services provided from the civic centres – the majority share of the contribution.

Conclusion

Urban Taskforce opposes the proposed SRV and sees it as a significant tax grab on the part of Blacktown City Council.

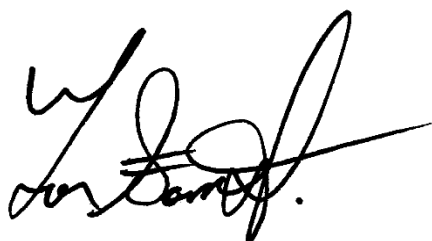
We believe that Council should reconsider its plans and not pursue the SRV, because:

- consultation on the proposal has been limited and not gone to all affected ratepayers;

- Council has not demonstrated that the impact of the increased rates on ratepayers is reasonable;
- the increase far exceeds apparent need and seems mostly aimed at subsidising the council's own accommodation plans;
- several assertions have been made in the supporting papers without evidence provided to back them up, particularly in relation to the costs of delivering services and the capacity of companies to absorb extra rates;
- no cost-breakdowns have been provided for proposed expenses or work projects;
- no case has been made to justify the proposed development of the two major council offices and the need for extra rate revenue to fund it;
- windfall gains already received through rising land values have been ignored in the Council's calculations;
- cost savings and efficiencies have been hinted at, but no details have been provided of any productivity improvements or cost containment strategies;
- the principle of "user-pays" has been ignored in favour of taxing employment to pay for ratepayer services with no (or little) nexus between the demand for services and the entity paying the increased rates;
- disproportionate charges are being placed on business without any attempt to determine its capacity to pay, and despite most services being used by residential ratepayers;
- the impact of the proposed rates increase on employment in the region has not been considered, and the potential harm to current Blacktown businesses has been ignored;
- potential rates increases have been understated, with a likely cumulative impact of 67.2% for industrial properties;
- no explanation has been given as to how an infrastructure backlog could blow out by \$38m in just 12 months; and
- the proposed increase appears to be opposed by major landholders, members of the community, and the local Member of Parliament alike.

Should you wish to discuss any aspect of this submission further, please call our Policy, Planning, and Research Analyst, Paul Waterhouse, on 0411-875-366 or via email paul@urbantaskforce.com.au

Yours sincerely



Tom Forrest
Chief Executive Officer